



# CUSTOMIZED CUSTOMER SERVICE

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## ABSTRACT

Customer service (also known as Client Service) is the provision of service to customers before, during and after a purchase. Its importance varies by product, industry and customer. Customer service may be provided by a person or by automated means called self-service. Services marketing is marketing based on relationship and value. It may be used to market a service or a product. Economies tend to follow a developmental progression that takes them from a heavy reliance on agriculture and mining, toward the development of industry (e.g. automobiles, textiles, shipbuilding, steel) and finally toward a more service based structure. Through this paper we discuss the customer service.

**KEYWORDS:** Customer service, Competitive advantage, company, Accountability.

### Customer service:

Customer service (also known as Client Service) is the provision of service to customers before, during and after a purchase.

According to Turban et al, 2002 "Customer service is a series of activities designed to enhance the level of customer satisfaction – that is, the feeling that a product or service has met the customer expectation"

Its importance varies by product, industry and customer. As an example, an expert customer might require less pre-purchase service (i.e., advice) than a novice. In many cases, customer service is more important if the purchase relates to a "service" as opposed to a "product".

Customer service may be provided by a person (e.g., sales and service representative), or by automated means called self-service. Examples of self service are Internet sites.

Customer service is normally an integral part of a company's customer value proposition and may be employed to generate such competitive advantage as a particular service proposition can be harder to copy for competitors and implementation of a particular customer service proposition must consider several elements of the organization.

### Competitive advantage:

A company may attempt to differentiate itself from its competition through the provision of better customer service. The consistent delivery of superior service requires the careful design and execution of a whole system of activities that includes people, technology, and processes; although, the rewards will include improved revenue from customers that are impressed with the service provided. The relation should not be only a buyer seller-relation but beyond.

Some companies do better than expected. In the 1980's, a customer called LL Bean and was surprised that he was greeted by name. The representative explained that AT&T provided Caller-ID service to all companies with toll-free lines (ten years before any phone company offered Caller ID to retail customers), and that Bean's computer had brought up the customer's record on her computer screen. She knew where he lived and what he had recently bought. If he wanted something new, she even knew the size and color to suggest. They also remembered the credit card number that had been used, although they could not be certain it was still valid. (In 2007, few companies can do as well. They commonly treat each caller as a total stranger, even if the person has been a customer for years, asking the same identification questions repeatedly, and remembering nothing. A person will be haphazardly switched from one employee to another and will be obliged each time to prove their identity and tell their story.) In some cases, a company will have two interfaces: during "normal business hours" in the vendor's time zone, the caller will reach the Customer-Service Department, which can take new orders, trace recent orders, and solve problems; a person calling outside those hours will instead reach a fulfillment house, often in another state or country, and able only to take new orders. In most cases, fulfillment centers don't even have catalogs for the many companies they represent. If a problem arises, the answer is "Call between 8 a.m. and 5 p.m. Monday through Friday, Eastern Standard Time."

### Applied psychology in customer service:

There are different levels of knowing your customers, often customer service

relies on demographics or customer data collection. Yet, customer and customer dynamics as a group are affected through modalities of experience. Hence it is important to know your customers and to the culture that you want to create. This is where psychology enters into the realm of customer service.

According to Arthur F Carmazzi, founder of Directive Communication psychology how a person processes information will have a bearing on how he reacts in a given situation. Carmazzi says that there are 4 brain colors namely green, red, blue and purple. Knowing the brain color of a customer will help you understand his/her expectations of service and deliver accordingly. For instance, a red brain customer in a bank will value order and a systematic approach to enlisting him in a wealth management program.

According to Aziah Abu Bakar formerly with RHB Bank and now a Directive Communication practitioner, tending to the customer your approach would be to present the details of the program in a logical way complete with an analysis of his return on investment. On the other hand, if your customer were a green brain would prefer a speedier bottom line approach and one liner alternatives to his investments as a way of being approached. Hence knowing the psychology of a person's brain color helps you to understand your customers better to successfully meet their expectations.

Regal Gifts Corporation has been exercising a new level of customer's service since its return in 2006. Undoubtedly, this has aided in its continued growing successes. Building relationships with its representative through social networks like Facebook and YouTube and its email management and customer care call centre are just a few of the reasons that Regal's new customer service policies are leading then toward a profitable future.

### For example let us take Room Service Strategy:

Room service is one of the most important aspects of the guest's overall experience at the hotel. It is the service offered by the hotel staff for food and other items on the request of guests. This service varies from hotel to hotel. In 5-star hotels, 24 hours room service is provided while in 2 and 3 star hotels, service is limited to 'in room' tea and coffee making facilities with continental breakfast.

Room-service ranks high on priority due to its growing demand. In fact, the guests do not want to sit and eat in the formality of restaurants after working for a whole day and desire the privacy of their rooms. It also has supporting reasons besides privacy like guests may not be able to come to the restaurant at the reserved time and buy the dinner tickets, baby boomers require more time to spend in their rooms during traveling for relaxing and younger generation is spending more time in their rooms for working. All this entails that room service operation must strive to provide the experience of the restaurant in the room.

To keep pace with the demand, today, hotels are developing strategies for room service for wooing the guests. They are offering innovative menus similar to those of an up-market cafe. Hotels even brand the offerings to give it a real identity and character. The menus include various ranges of salads, baked pastries like muffins or banana bread, toasted sandwiches and foccacias, pastas and desserts. Most of the hotels even offer daily specials including soup of the day, steak of the day and dessert of the day. While offering dishes to guests, they are garnished in a particular style which lures the customers towards the hotel. For example – fish and chips are served in paper having hotel's name and its logo. Dishes are served to the room well in terms of temperature and taste. Light and healthy

dishes are offered for the health conscious customers. Dishes cooked in olive oil and much more options are being offered in most of the hotels.

Some of the European hotels have designed the Asian-styled service menu for guests. The Asian menu consists of dishes like steamed prawn dumplings, spring rolls, honey chicken, fried rice, green chicken curry with Jasmine rice and more, especially targeted at Asian guests. Also, few hotels are luring customers by providing facility of mini-bar in the room. Personal butler is also appointed for few guests on demand. Affluent consumers actually enjoy another opportunity to feel like celebrities. Hotels have a very good strategy for single lady travelers as more and more ladies are traveling alone today for business purposes. Most of the hotels even appoint female members to attend their needs to make them more comfortable and safe.

Now, these hotels are working on guest's history databank system to keep a track of likes and dislikes of regular guests. At the time of reservation, agents ask the guests for their preferences which help in creating customised menus with a personal touch. Further, hotels are introducing Wi-Fi technology so that guests can download an Internet page containing hotel's online menu. After placing an order, the system directly bills the room or the credit card. Some hotels are now allowing requests of housekeeping, valet and other additional services such as towels or wake-up calls to be ordered online.

#### Role of technology:

Technology has made available a wide range of customer service tools. They range from support websites and the ability to have live chats with technical staff to databases tracking individual customers' preferences, pattern of buying, payment methods etc., and tailoring products and service responses based on this advanced data. Specialist software that is designed for the tracking of service levels and for helping recognize areas for improvement are often integrated into other enterprise operational software tools such as ERP software.

Many companies have started to use new channels to capture customer feedback. With record number of people now communicating through mobile phone and sending texts, many argue that the next wave of customer feedback will primarily be captured through channels familiar to most consumers, such as mobile email and SMS. This will enable companies to track the opinions of their customers much more easily and gain valuable insight into how to improve service quality and enhance the customer experience.

#### Accountability:

Customers tend to be more forgiving of organizations who acknowledge and apologize for their mistakes rather than denying them. Taking responsibility for mistakes and correcting them is considered an important aspect of good customer service. When a customer experiences poor service and is ignored, the customer is less likely to return to that company again. Stonewalling is unforgivable, but unfortunately common.

#### Customer Perception:

In the United States, Customer Service provided over the telephone varies widely in quality and particularly in the wait times experienced by customers. The extremely long wait times experienced when attempting to reach large companies is a common experience shared by many Americans, and often the subject of jokes and frustration. For example, the calm, cool analysis of customer service provided in this article would be scoffed at by many who have actually attempted to obtain such service.

#### Instant feedback:

Recently, many organizations have implemented feedback loops that allow them to capture feedback at the point of experience. For example, one of the UK's leading coach companies invites passengers to send text messages whilst riding the bus. This has been shown to be useful as it allows companies to improve their customer service before the customer defects, thus making it far more likely that the customer will return next time.

#### Services marketing:

Services marketing is marketing based on relationship and value. It may be used to market a service or a product.

Marketing a service-base business is different from marketing a product-base business.

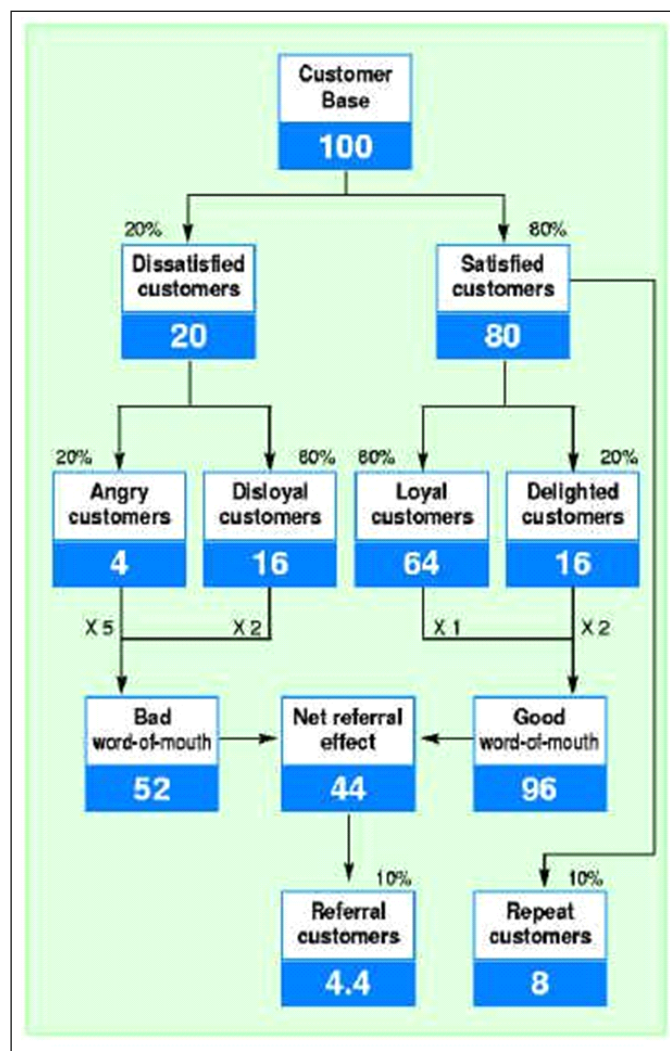
There are several major differences, including:

1. The buyer purchases are intangible
2. The service may be based on the reputation of a single person
3. It's more difficult to compare the quality of similar services
4. The buyer cannot return the service
5. Service Marketing mix adds 3 more p's, i.e. people, physical environment, process service and follow-through are keys to a successful ven-

ture. The major difference in the education of services marketing versus regular marketing is that instead of the traditional "4 P's," Product, Price, Place, Promotion, there are three additional "P's" consisting of People, Physical evidence, and Process. Service marketing also includes the servicescape referring to but not limited to the aesthetic appearance of the business from the outside, the inside, and the general appearance of the employees themselves. Service Marketing has been relatively gaining ground in the overall spectrum of educational marketing as developed economies move farther away from industrial importance to service oriented economies.

The service sector now accounts for more than 50 per cent of India's GDP, up from less than 40 per cent a couple of decades ago. It would therefore seem that customers are getting more services and perhaps better services. More service is clearly visible - we now have mobile telephony, snazzy shopping malls and so on, but are we getting better service? Are we being treated as individual customers with unique needs? Are we getting solutions or just products? Are companies showing respect for our time and our opinions? Unfortunately, most organizations seem to be just focused on "making a sale" rather than providing customer service. And as soon as the sale is made you become the most "unimportant" person to such organizations even if your needs are far from being fulfilled.

Studies have shown that dissatisfied customers will tell 5-10 people about their problems, that's twice as many people satisfied customers would talk to. Add to this the fact that attracting a new customer is on average five times costlier than keeping an old one, and one can imagine how important good customer service is. Our research shows that a 5 per cent increase in customer satisfaction can result in more than 10 per cent decrease in cost of new customer acquisition.



The accompanying diagram depicts the typical output of a customer satisfaction study. In most situations, the percentage of satisfied customers is much higher than dissatisfied customers. However, dissatisfied and angry customers talk to many more people as compared to satisfied customers, thereby negating the good word of mouth generated by satisfied customers.

In the scenario depicted in the diagram, only 4 per cent customers are really angry with the service provider, while 16 per cent are delighted with the service provided. However, their negative impact is many times the positive impact of delighted customers in creating referral customers. Assuming that this service

provider is targeting a growth of about 20 per cent in customer base, it will have to acquire at least 7 per cent new customers at a cost that is five times higher than the cost of getting repeat business from existing customers.

Source of Customer	% Customer	Acquisition Cost
Repeat Customer	8	800
Referral Customer	4.4	800
New Customer	7.6	3800
Total	20	5480

If the service provider had a 5 per cent higher base of satisfied customers, it would have resulted in a 20 per cent increase in repeat and referral business. The service provider will have to therefore target only about 5 per cent new customers to achieve its target of 20 per cent growth.

Source of Customer	% Customer	Acquisition Cost
Repeat Customer	8.5	850
Referral Customer	6.3	1260
New Customer	5.2	2600
Total	20	4710

The acquisition cost in that scenario would drop by more than 10 per cent, resulting in a significant savings in sales and marketing budgets.

From the above analysis, it is clear that customer satisfaction and retention is an excellent sales tool that marketing professionals can utilise. However, how many marketers focus on this as compared to the traditional tools of advertising and telemarketing?

In our consulting experience and interactions with various corporates, we have found that most companies have very little focus on customer satisfaction and retention as reflected in the following facts:

Very few companies really listen to their customers. In most cases, there is no institutionalized process of getting customer feedback. Even if there is a process, it is not proactive. For instance, Indian Airlines has a suggestion form in every aircraft that few customers would be willing to fill on their own. Compare this with the approach taken by Jet Airways, where they proactively request their passengers to fill the service tracker and are therefore highly successful in getting feedback on an ongoing basis.

The marketing budgets of most companies have a miniscule allocation for initiatives that increase customer satisfaction and retention as compared to allocation for new customer acquisition. This is despite the fact that the cost of new customer acquisition is five times higher than cost of getting repeat business from existing customers.

Very few companies fix growth targets on existing customer base for their sales personnel. As a result, most sales people go after new customers rather than get more business from existing customers. In most companies, new customer wins are considered more glamorous and rewarding while getting more business from existing customers is "just part of the job." It is no wonder that sales personnel neglect existing customers while focusing on the elusive new leads.

If sales people do not focus on servicing existing customers, marketing budgets are not allocated for customer satisfaction and retention initiatives and customer feedback is not taken on an ongoing basis, what are the chances of achieving higher levels of customer satisfaction and therefore higher repeat and referral business?

Some companies have taken the neglect of existing customers at the cost of new customer acquisition to new heights. Here is a typical conversation of a telemarketer with a prospective customer:

**Telemarketer:** Hello Mr. Customer, I am calling from so-and-so bank (or credit card company, or telecom company or any other service provider). I have a new scheme that gives you free service (or other free goodies) for the next one year.

**Customer:** But I already use your service and I am paying for it!

**Telemarketer:** Oh, really? Never mind, I can offer you another scheme which gives you more free goodies, lower interest rate, blah blah blah...

**Customer:** I am not interested in any new scheme. But I have a problem that I want you to resolve.

**Telemarketer:** Sure Sir, you can call up the toll-free number and speak to any of our customer care executives who would be glad to help (in other words, I don't have the time to solve your problem, I am only interested in selling more services to you even if you don't need them. And by the way, I did not even know that you were a customer before I called. But who cares!).

What should companies do to increase customer satisfaction and therefore repeat and referral business? Here is a list of ten things that could help:

- Ω Hire a dynamic sales person as Head of Customer Service. Create the position if it does not already exist.
- Ω Start with a customer feedback survey and then institutionalize the feedback process.
- Ω Set up a complaint management system and publicize it so that customers find it easy to complain.
- Ω Hire customer-facing personnel for attitude rather than skills. Attitude affects customer service directly and is difficult to teach. Skills can be imparted through training.
- Ω Avoid overselling to new prospects. It increases expectations and leads to dissatisfaction.
- Ω Allocate a significant percentage of marketing budgets for retention and growth of existing customer base.
- Ω Add customer satisfaction and retention targets as performance metrics in the key result areas (KRAs) of sales personnel.
- Ω Celebrate successes in repeat business and customer referrals.
- Ω Treat customer service failures as case studies to identify opportunities for systemic improvement in processes that affect customer satisfaction.
- Ω Keep calling your customers to stay in touch, not necessarily to sell more.

Many of the above activities are certainly difficult to implement in practice. Companies that master these will, however, have a sustainable competitive advantage in today's business environment wherein customer service is neglected as a rule, rather than exception.

Marketing is the flow of goods and services from the producer to consumer. It based on relationship and value. In common parlance it is the distribution and sale of goods and services. Marketing can be differentiated as • Marketing of products, and • Marketing of services. Marketing includes the services of all those indulged may it be then the wholesaler retailer, Warehouse keeper, transport etc. In this modern age of competition marketing of a product or service plays a key role. It is estimated that almost 50% of the price paid for a commodity goes to the marketing of the product in US. Marketing is now said to be a term which has no particular definition as the definitions change every day.

"Managing the evidence" refers to the act of informing customers that the service encounter has been performed successfully. It is best done in subtle ways like providing examples or descriptions of good and poor service that can be used as a basis of comparison. The underlying rationale is that a customer might not appreciate the full worth of the service if they do not have a good benchmark for comparisons.

However, it is worth remembering that many of the concepts, as well as many of the specific techniques, will work equally well whether they are directed at products or services. In particular, developing a marketing strategy is much the same for products and services, in that it involves selecting target markets and formulating a marketing mix. Thus, Theodore Levitt suggested that "instead of talking of 'goods' and of 'services', it is better to talk of 'tangibles' and 'intangibles'". Levitt also went on to suggest that marketing a physical product is often more concerned with intangible aspects (frequently the 'product service' elements of the total package) than with its physical properties. Charles Revlon made a famous comment regarding the business of Revlon Inc.: 'In the factory we make cosmetics. In the store we sell hope.' Arguably, service industry marketing merely approaches the problems from the opposite end of the same spectrum

**Borderless selling:** Borderless selling is the process of selling services to clients outside the country of origin of services through modern methods which eliminate the actions specifically designed to hinder international trade. International trade through "borderless selling" is a new phenomenon born in the current "Globalization" era.

Borderless selling is defined as the process of performing sales transaction between two or more parties from different countries (an exporter and an importer) which is free from actions specifically designed to hinder international trade, such as tariff barriers, currency restrictions, and import quotas.

International trade which is the exchange of goods and services across international borders has been present throughout much of history of economics, society and politics.



It is assumed that offshore outsourcing gave birth to "borderless selling". The selling of services by offshore outsourcing service providers to foreign clients is free from actions specifically designed to hinder international trade, such as tariff barriers, currency restrictions, and import quotas. This is largely because most of the services are sold or delivered electronically from the offshore service provider to the foreign client. This phenomenon gave birth to borderless selling.

There is a high correlation between outsourcing and exporting activity. However, Borderless Selling is different from free international trade or selling. Under the belief in Mercantilism, most nations had high tariffs and many restrictions on international trade for centuries. In the 19th century, a belief in free trade became paramount in west, especially in Britain and this outlook has since then dominated the thinking of western nations. Traditionally international trade was possible between only those countries which regulated international trade through bilateral treaties. Borderless selling is possible between any two countries of the world because services can be exported using modern telecommunication networks without the need to regulate trade.

The term "borderless selling" was coined by Paramjeev Singh Sethi in 2006 as part of his thesis on International Marketing at Symbiosis Institute and while also performing borderless selling professionally

#### Major elements of borderless selling

- Consultative Sales
- Business Development
- Account Management
- Offshore Project Management
- Onshore Service Delivery

#### Types of services applicable to Borderless Selling

Many services can be sold through Borderless Selling, some popular services sold through Borderless Selling today include:

- Consulting
- Freelancing
- Electronic Commerce
- Online credit card processing
- Music
- Animation Services
- Videos
- Business Research
- Telemarketing
- Accounting Solutions
- Medical Transcription

#### Different means used for Borderless Selling:

Different means used for Borderless Selling:

- Telephone
- Fax
- Internet

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